EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

April 27, 2010

Mr. Kevin C. McKeon
499 South Capitol Street, S.E.,
Ste. 403
Washington, D.C. 20003

Dear Mr. McKeon:

This letter is in response to your Freedom of Information Act request for "**correspondence, including electronic mail between any of the following four former members of Congress or their staff and the Office of the U.S. Trade Representative, Charlie Bass of New Hampshire (Member from 1995-2007); Mike Fitzpatrick of Pennsylvania (Member from 2005-2007); Steve Chabot of Ohio (Mexico from 1995-2009); Steve Pearce of New Mexico (Member from 2003-2009)**".

Please be advised, that we have located thirty-four **(34)** documents in response to your request. Of those, we are releasing thirty-four **(34)** documents in full.

Inasmuch as this constitutes a complete response to your request, I am closing your file in this office. In the event that you are dissatisfied with USTR's determination, you may appeal such a denial, within thirty (30) days, in writing to:

FOIA Appeals Committee
Office of the United States Trade Representative
1724 F Street, N.W.
Washington, D.C. 20508

Both the letter and the envelope should be clearly marked: "Freedom of Information Act Appeal". In the event you are dissatisfied with the results of any such appeal, judicial review will thereafter be available to you in the United States District Court for the judicial district in which you reside or have your principal place of business, or in the District of Columbia, where we searched for the records you seek.

Should you have any questions, please contact the FOIA office at (202) 395-3419.

Sincerely,

Carmen Suro-Bredie

Carmen Suro-Bredie
Chief FOIA Officer

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

February 26, 2010

ACTION MEMORANDUM

TO: K. Washington
S. Givens

FROM: FOIA Office

SUBJECT: FOIA Requests

Your assistance is requested in responding to the attached Freedom of Information Act requests from Kevin McKleon.

In an effort to improve our FOIA program, we are instituting a system were we will more frequently communicate with the offices who have outstanding FOIAS. To more effectively do that we would like the name of the person in your office who is primarily responsible for this FOIA.

If we do not hear back from you by **March 1, 2010** we will list you as the primary point of contact but we would prefer to direct our questions to the person who is actually doing the search and reviewing the document.

This agency is required to make a search reasonably calculated to locate the records requested. To this end, please assemble from your files, and make a copy of, agency records that are responsive to this request. This covers electronic documents (including those kept in word processing files, e-mails) and archived documents.

All responsive records should be segregated on the basis of whether you believe, in the first instance, that they are releasable, or should be withheld on the basis of applicable FOIA exemptions. Please submit all relevant documents by, **March 16, 2010.** If you have any questions regarding exemptions under the FOIA, please call the FOIA office (x5-3419) or Jonathan Weinberger (x5-0317).

Please inform us of any other office that you feel may have records. Thank you for your assistance.

Attachment(s)

Please check the appropriate item below, indicate *section number,* sign, and return this memo along with any responsive documents* to the FOIA Office @ 1724 F St., room 514.

____ Transmitted herewith are responsive documents within the possession of section ___.
____ A search of section ___ was completed and no responsive documents were found.

____
Signature (w/attachments if relevant) Date

NOTE: Please retain a segregated copy of responsive documents for your records for each document request.

Cc: Carmen Suro-Bredie, Jonathan Weinberger

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

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Kenneth Nash
Signature (w/attachments if ~~relevant~~) Date 3-1-10

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Cc: Carmen Suro-Bredie, Jonathan Weinberger

Kevin C. McKeon
499 South Capitol Street SE
Ste 403
Washington, DC 20003
kevin.mckeon+BassPearceFitzChabot@gmail.com
Fax: 202-741-7394
Phone: 202-485-3421

November 30, 2009

FOIA Officer
Office of the U.S. Trade Representative
600 17th Street NW
Washington, D.C. 20508

Dear Records Officer:

Pursuant to the federal Freedom of Information Act, 5 U.S.C. § 552, I request access to and copies of the following

- Correspondence, including electronic mail between any of the following four former members of Congress or their staff and the Office of the U.S. Trade Representative
  - Charlie Bass of New Hampshire (Member from 1995 – 2007)
  - Mike Fitzpatrick of Pennsylvania (Member from 2005 – 2007)
  - Steve Chabot of Ohio (Member from 1995 – 2009)
  - Steve Pearce of New Mexico (Member from 2003 – 2009)

I agree to pay reasonable duplication fees for the processing of this request up to $25. If it exceeds this amount please let me know with an itemized breakdown of the costs.

If my request is denied in whole or part, I ask that you justify all deletions by reference to specific exemptions of the act. I will also expect you to release all segregable portions of otherwise exempt material. I, of course, reserve the right to appeal your decision to withhold any information.

Thank you for your assistance.

Sincerely,

Kevin C. McKeon

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

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Shelia Ales
Signature (w/attachments if relevant)

Date 3/16/10

NOTE: Please retain a segregated copy of responsive documents for your records for each document request.

Cc: Carmen Suro-Bredie, Jonathan Weinberger

Kevin C. McKeon
499 South Capitol Street SE
Ste 403
Washington, DC 20003
kevin.mckeon+BassPearceFitzChabot@gmail.com
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Thank you for your assistance.

Sincerely,

K C McKeon

Kevin C. McKeon

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

MAR 27 2006

The Honorable Charles Bass
U.S. House of Representatives
Washington, D.C. 20515

Dear Charlie,

Thank you for your letter regarding the treatment of performance outerwear pants under the U.S. – China textile agreement. I am aware of your concern and thank you for alerting me to your interest in this matter.

My staff has had several meetings with representatives of outerwear importers to listen to their concerns, and we are working to address the issues you raise.

We are looking at ways to resolve your concerns in cooperation with the Department of Commerce and U.S. Customs and Border Protection. We hope to address the issue administratively because it would be very difficult and very disruptive to renegotiate the U.S. – China textile agreement. Indeed, we negotiated the agreement to bring as much stability and predictability as possible for the industry, including for exporters and importers in the United States and China. Industry, we believe, shares our view and does not support re-opening the agreement.

Thank you again for writing to apprise me of your interest in this matter and please contact us if you have any further questions.

Sincerely,

Rob Portman

Congress of the United States
Washington, DC 20515

February 22, 2006

The Honorable Rob Portman
U.S. Trade Representative
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Portman:

We are writing with regard to the bilateral textile agreement the United States and China signed on November 8, 2005, regulating two-way trade in textiles and apparel through December 2008.

We applaud the Administration for negotiating a balanced agreement that protects U.S. manufacturers while helping to provide a steady supply of goods for U.S. retailers and consumers. Unfortunately, unintended consequences of the agreement have cast a serious - and unnecessary - blow to many U.S. companies, particularly small- and medium sized businesses. We urge you to examine and resolve the important implementation issues this agreement has presented, as outlined below.

In order to ensure Americans would be able to purchase ski and snowboard pants throughout the year, an exemption was included in the China agreement that would have otherwise put restrictions on imports of these goods. This reflected the fact that these pants are not produced in significant quantity in the United States, and in most cases, are only available from Chinese factories where firms have invested in skilled training and specialized machinery.

This is also the case with similar-make pants used for other outdoor activities, such as climbing, biking, and hiking. Unfortunately the exemption does not apply to those products and the way it was written and interpreted many ski and snowboard pants did not meet the exact specifications to qualify for the exemption.

Like ski and snowboard pants, other types of performance outerwear pants require high-tech fabric and are produced on specialized machinery - there are no U.S. manufacturers equipped to produce such garments in a commercially meaningful volume. As such, many U.S. companies - particularly those of small- and medium-size that do not have the means to move production out of China - will suffer an unnecessary loss, likely seeing their goods embargoed before the end of the year.

It is an important role of the U.S. government to facilitate an environment where U.S. businesses can thrive. A slight modification to the U.S.-China textile agreement to exempt all performance outwear pants, much the same as ski and snowboard pants, would help American businesses and protect hundreds of U.S. jobs without causing market disruption or otherwise harming U.S. manufacturers.

Thank you for prompt response and resolution to this issue. Please do not hesitate to call upon us or our staffs should you have any questions or concerns.

Sincerely,

Mark Udall
Member of Congress

John Sweeney
Member of Congress

Jim Matheson
Member of Congress

Bob Beauprez
Member of Congress

John Salazar
Member of Congress

Charles Bass
Member of Congress

James McGovern
Member of Congress

Earl Blumenauer
Member of Congress

Fortney Pete Stark
Member of Congress

Jim McDermott
Member of Congress

EXECUTIVE OFFICE OF THE PRESIDENT
DEPUTY UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

JAN 2 7 2005

The Honorable Charles F. Bass
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Bass:

Intellectual property is the competitive cornerstone of our nation's innovation economy, and this Administration has made protection of intellectual property rights (IPR) around the world a top priority. Today, we face no greater challenge to that effort than rampant piracy and counterfeiting in China, and I am writing to seek your help to spread the word about an upcoming special review of China's IPR enforcement regime and a dedicated hotline the Administration has established to assist Americans facing IPR problems in China and other overseas markets.

In a December *Federal Register* notice, USTR requested public comments for a systematic evaluation of China's IPR enforcement regime that we will conduct in the first quarter of this year. This evaluation will measure China's progress in implementing the commitments it made at the April 2004 U.S.-China Joint Commission on Commerce and Trade (JCCT) meeting to significantly reduce IPR infringement levels. We have developed a simple questionnaire that makes it easy for U.S. companies and associations to assist in this effort by contributing specific information on IPR infringement cases in China. That questionnaire is available on our web site at www.ustr.gov/Trade_Sectors/Intellectual_Property/Section_Index.html and we need your help to get it into the hands of interested constituents through your newsletter, web site and other vehicles.

For those who may face immediate piracy and counterfeiting problems in China or other countries, I also want to alert you to a dedicated hotline – (866) 999-HALT – established under the Administration's new Strategy Targeting Organized Piracy (STOP!). This hotline is a one-stop-shop for live information designed to help U.S. firms and individuals secure and enforce their intellectual property rights in overseas markets. And it should be the first stop for constituents who report IPR infringement problems abroad.

Thank you in advance for your help in publicizing this information. Your continued leadership and support for USTR's global IPR enforcement efforts is vital to our success, and I look forward to working closely with you as we continue to fight to ensure that China and other trading partners respect American ideas and innovations.

Sincerely,

Josette S. Shiner

Josette Sheeran Shiner

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 5 2004

The Honorable Charles Bass
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Bass:

Thank you for your letter urging the U.S. Government to remove glass materials under HTS#70023200 from the list of goods that may be subject to increased tariffs in response to trade-related actions of the European Union (EU). We appreciate your insights into how increased tariffs on these materials could affect workers and consumers in New Hampshire and the United States, and we will give your views close consideration.

Earlier this year, the EU added ten new member countries from Central and Eastern Europe. As a consequence of this expansion, access for U.S. goods has diminished into some of these countries. The EU also increased its tariff on certain rice products. Under World Trade Organization rules, the United States is entitled to compensation from the EU for these actions. If we are unable to agree on compensation, we may make offsetting changes to our tariffs. Publication of the withdrawal of concessions list in the *Federal Register* on September 10, 2004, solicited public comment on the list of goods that may be subject to increased tariffs.

We are making progress in our negotiations with the EU on compensation. We will continue to keep you and your staff informed of developments in these talks and the status of the list of goods.

Thank you again for your interest in this matter.

Sincerely,

Bob Zoellick

Robert B. Zoellick

Congress of the United States
House of Representatives
Washington, D.C. 20515

September 30, 2004

Ambassador Robert B. Zoellick
U.S. Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Ambassador Zoellick:

We are writing to express our concern over a proposed tariff for glass materials under HTS# 70023200. The materials covered under this proposed tariff are critical to Osram Sylvania, a large company in our state that employs thousands of hard-working New Hampshire citizens. We urge you to reconsider inclusion of this tariff in final proposals to the World Trade Organization (WTO).

We understand that as a result of the European Union (EU) expansion, the United States is duly owed proper compensation for the EU's inclusion of 10 new countries. Unfortunately, these adjustments have not been forthcoming despite your office's appropriate pursuit of options to pressure the EU to conform to the agreed-upon adjustments. For organizations like Osram Sylvania, which purchase raw materials from a sole source provider in Europe, the tariffs can have a dramatically negative impact. We are concerned that this negative impact will trickle down to New Hampshire citizens and American consumers.

We applaud your efforts to bring the EU in line with its commitment to our trade agreements, but urge you to reconsider the inclusion of HTS# 70023200 in the final WTO proposal. Thank you for your consideration of this important matter.

Sincerely,

Jeb Bradley
Member of Congress

Charles F. Bass

Charles Bass
Member of Congress

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

-7 2004

The Honorable Charles Bass
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Bass:

Thank you for your letter concerning product and sector coverage in the U.S.-Central America Free Trade Agreement (CAFTA).

On December 17, 2003, the United States concluded negotiations with El Salvador, Guatemala, Honduras, and Nicaragua. We subsequently reached agreement with Costa Rica on January 25, 2004. The agreement will strip away barriers to trade, eliminate tariffs, open markets, and promote investment, economic growth, and opportunity for the United States and the five Central American countries.

More than 80 percent of U.S. exports of consumer and industrial products to Central America will be duty-free immediately upon entry into force of the agreement, and 85 percent will be duty-free within five years. All remaining tariffs on these goods will be eliminated within ten years. The Central American countries will accord substantial market access across their entire services regime, subject to very few exceptions, using the so-called "negative list" approach. Tariffs on most U.S. farm products will be phased out within 15 years.

We agree with your concerns about exclusions in the CAFTA. No products were excluded from the negotiations, and all products in all countries will enjoy improved market access. Tariffs will be eliminated for nearly all products. For an extremely limited number of very sensitive products, liberalization will occur through expanded tariff-rate quotas and elimination of in-quota duties rather than out-of-quota tariff cuts. This approach preserves the strong general approach for other products and ensures improved access for all products.

Thank you again for your letter. I appreciate your interest in this issue and look forward to working with you on future free trade agreements, where our common objective is to open markets with free trade partners and continue to push trade liberalization. Please contact me or my staff if you should have additional concerns.

Sincerely,

Robert B. Zoellick

Congress of the United States
House of Representatives
Washington, DC 20515

November 10, 2003

The Honorable Robert B. Zoellick
U.S. Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Zoellick:

We are writing to you concerning product and sector coverage in the U.S.-Central America Free Trade Agreement (FTA) negotiations.

We are deeply concerned by reports that the Central American countries participating in these negotiations have identified specific products or sectors where they seek exemptions from fully free trade under the FTA. Accepting exemptions or exclusion would weaken these agreements and therefore we applaud the strong stance that you and your negotiators have taken to date in opposing exceptions to the agreement.

The United States is currently engaged in numerous bilateral and regional negotiations. Allowing exemptions under the U.S.-Central America FTA would send a damaging message to future trading partners that they too can expect to receive exemptions from the principle of fully free trade for sensitive areas in FTA negotiations with the United States. Such a result would be particularly troubling because it is in the most sensitive areas, such as agricultural, industrial goods and services trade, where the United States has the most to gain from FTA negotiations.

As we understand it, the next few months will be critical for the timely conclusion of the U.S.-Central American Free Trade Agreement. We urge you to continue to press for duty free, quota free treatment for all products and meaningful commitments in all sectors during the final negotiating sessions. Sheltering critical sectors from the agreement would set a dangerous precedent that would seriously undermine our ability to produce commercially meaningful agreements in the future.

We appreciate your attention to this very important matter and look forward to working with you and your negotiating team.

Sincerely,

John Boehner

John Boehner

Kevin Brady

Kevin Brady

David Scott

Dennis Rehberg

Jim DeMint

Michael Burgess

Sam Graves

Mark Kirk

John Kline

Jerry Weller

Judy Biggert

Christopher Shays

Anne Northup

Kenny Hulsh

Eric Cantor

David Dreier

John Boozman

Jennifer Dunn

Bob Etheridge

Rahm Emanuel

Mark Souder

John Hostettler

Sue Kelly

Bobby Rush

Charles F. Bass
CHARLES BASS

George R. Nethercutt, Jr.
George Nethercutt

John T. Doolittle
JOHN DOOLITTLE

Donald A. Manzullo
DONALD MANZULLO

Jack Kingston
JACK KINGSTON

Wally Herger
Wally Herger

JIM KOLBE

Fred Upton
FRED UPTON

Johnny Isakson
JOHNNY ISAKSON

Phil Crane
Phil Crane

Jim Ramstad
JIM RAMSTAD

Jeb Hensarling
Jeb Hensarling

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

APR - 2 2004

The Honorable Charles Bass
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Bass:

Thank you for your letter to the President concerning the U.S.-Australia Free Trade Agreement (FTA) negotiations and your support for comprehensive market access commitments.

As you know, on February 8, 2004, we concluded an historic free trade agreement with Australia designed to eliminate and reduce tariffs and other trade barriers and promote economic growth and prosperity. More than 99 percent of U.S. exports of manufactured goods to Australia will become duty-free immediately upon entry into force of the Agreement. The FTA also contains important benefits for U.S. service suppliers, as well as encourages additional foreign investment flows, strengthens intellectual property protection, and improves transparency and other commitments on market access issues related to pharmaceuticals.

The FTA also establishes new mechanisms for scientific cooperation between U.S. and Australian authorities to resolve animal and plant health matters with a view to facilitating trade. As examples of the improved cooperation, Australia eliminated the 30-day aging rule on U.S. beef in August 2003, published a final import risk assessment on February 19, 2004, allowing entry of processed pork, and will soon issue a final import risk assessment on Florida citrus.

We achieved a balanced approach for agriculture. All U.S. agricultural exports to Australia, totaling more than $400 million, will receive immediate duty-free access providing expanded export opportunities. For import sensitive products, the agreement uses extended tariff phase outs, tariff rate quotas and safeguards to respond to concerns that have been expressed by Members of Congress and U.S. farmers and ranchers.

Australia's current quota access for sugar will remain unchanged. Compromises are part of every successful negotiation and are not immutable precedents. The common element is that in all of our trade agreements – like the Australia FTA – we struck careful balances to gain broad support, expand trade and create new economic opportunities.

I appreciate hearing from you on these important issues, and I look forward to working with you as we prepare to send this Agreement to the Congress for its consideration and approval

Sincerely,

Bob

Robert B. Zoellick

Congress of the United States

Washington, DC 20515

Jan 16, 2004

The Honorable George W. Bush
President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Bush:

We are writing to encourage you to press for comprehensive market access commitments for all products, in all sectors, during the final negotiations of the U.S.-Australia Free Trade Agreement (FTA).

Australia is an important market for the U.S. For example, trade in services has grown to $8.9 billion, making it the largest and fastest growing sector between the two countries. Furthermore, more than half of U.S. imports from Australia are goods or raw materials that require further processing by manufacturers in the U.S., supporting approximately 178,000 jobs in our manufacturing industry.

As you conclude the U.S.-Australia FTA in the next few weeks, we support your efforts to eliminate any unjustified sanitary or phytosanitary restrictions which impede U.S. agricultural exports to Australia. We also believe that a comprehensive agreement for all agricultural commodities would produce a commercially meaningful FTA that will expand market access for both countries.

We are aware that some U.S. agricultural interests are seeking to limit or exclude certain sensitive commodities from liberalization commitments in the FTA. These groups support maintaining the status quo. As we have seen before, adopting protections for certain commodities comes at the expense of others, leaving an agreement that is incomplete and inequitable. We strongly believe that all commodities must be part of this agreement and that the U.S. should use this opportunity to bring free trade principles to bear in both the Australian and U.S. agricultural import markets.

Allowing any exemptions for specific products or sectors in a trade agreement with a developed country would set a poor precedent that would compromise future negotiations by allowing trading partners to carve out exclusions for sensitive products or sectors. The sectors that are sensitive to our trading partners – whether in agriculture, manufacturing or services - are frequently the very sectors that offer the greatest export opportunities to U.S. producers.

The Honorable George W. Bush
January 16, 2004
Page 2

We appreciate your attention to this important issue and look forward to working with you on this trade agreement.

Best regards,

JENNIFER DUNN
Member of Congress

JOHN BOEHNER
Member of Congress

PHIL CRANE
Member of Congress

DEBORAH PRYCE
Member of Congress

PHIL ENGLISH
Member of Congress

DAVID DREIER
Member of Congress

CHARLES BASS
Member of Congress

ERIC CANTOR
Member of Congress

JIM KOLBE
Member of Congress

KEVIN BRADY
Member of Congress

JIM RAMSTAD
Member of Congress

MARK SOUDER
Member of Congress

The Honorable George W. Bush
January 16, 2004
Page 3

David Scott
DAVID SCOTT
Member of Congress

Cal Dooley
CAL DOOLEY
Member of Congress

MIKE OXLEY
Member of Congress

Judy Biggert
JUDY BIGGERT
Member of Congress

Clay Shaw
CLAY SHAW
Member of Congress

CHRISTOPHER SHAYS
Member of Congress

Sam Johnson
SAM JOHNSON
Member of Congress

cc: The Honorable Robert Zoellick,
United States Trade Representative

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

The Honorable Charles Bass
U.S. House of Representatives
Washington, DC 20515

FEB 19 2004

Dear Congressman Bass:

President Bush asked me to respond to your letter urging that the steel safeguard measures be eliminated.

As you know, on December 4, 2003, the President announced his decision to terminate the temporary steel tariffs. The President took this action pursuant to his authority under Section 204 of the Trade Act of 1974, based on the Administration's thorough monitoring and review of conditions in the steel sector and the economy overall. He determined that, as a result of changed economic circumstances, the safeguard measures had achieved their purpose and it was time to lift them.

In the 22 months since the safeguards were imposed, economic conditions have changed significantly. Many steelmakers used the breathing room offered by the tariffs to restructure and consolidate to make them stronger financially. Several major producers negotiated groundbreaking labor contracts with their workers that reduce costs, raise productivity, and provide greater flexibility that will enhance their competitiveness. The Pension Benefit Guarantee Corporation (PBGC) relieved the high pension costs that burdened a large number of steel companies while protecting the pensions of their employees and retirees. The three largest pension plans, with total guaranteed benefit underfunding of nearly $6.7 billion, belonged to Bethlehem Steel, LTV Corporation, and National Steel. These companies had plants in Illinois, Indiana, Maryland, Ohio, Michigan, and Pennsylvania.

Market conditions have also improved, both domestically and internationally. Domestic prices for key products are recovering as world prices rise and the U.S. economy strengthens. In fact, prices for flat-rolled products are now higher in other important markets than in the United States. While the financial crises in Russia and Southeast Asian countries prompted a surge in U.S. steel imports beginning in 1998, recovery is now apparent in these markets. These favorable conditions have helped to reduce the share of imports in the U.S. market to the lowest level in a decade while boosting exports of U.S. steel mill products to record levels.

As you may have read, subsequent to the termination of the safeguard, on December 12, the International Steel Group became the first U.S. steel company to hold an initial public offering in seven years, and the stock rose 26 percent on its first day of trading. In addition, subsequent to the termination, Nucor and Weirton Steel of West Virginia announced significant price increases on their steel sheet products.

The President and Administration will continue to provide opportunity for the steel industry, steelworkers, and steel communities in a number of ways. The Commerce Department will keep monitoring steel imports through the steel licensing program. The Administration will continue to work with state governments to implement the Health Coverage Tax Credit that helps displaced steelworkers pay for their health insurance premiums.

In addition, the Administration is working in the OECD to conclude an agreement that would provide tough disciplines for government subsidies in the steel sector. Participating governments have reached a consensus on a number of core elements and recently agreed on a schedule of work aimed at producing an advanced negotiating text by the spring of 2004.

Throughout the process of analyzing steel industry issues, the Administration has consulted closely with steel producers, steel consumers, and interested Members of Congress, and we will continue to do so as we work to ensure that U.S. steel producers have every opportunity to compete fairly in a stronger, growing economy. I appreciate hearing your views on this important issue.

Sincerely,

Robert B. Zoellick

Robert B. Zoellick

Congress of the United States
Washington, DC 20515

November 20, 2003

The President
The White House
Washington, DC

Dear Mr. President:

As advocates for a strong international trade agenda, we urge you to eliminate the Section 201 steel tariffs at the earliest opportunity. Removing these tariffs will provide important momentum to the efforts to break down the barriers to free trade worldwide.

A strong global trading system is critical to America's economic prosperity and global competitiveness. Your Administration is wisely pursuing a trade agenda that will hopefully provide enormous opportunities to open new markets for America's goods, services, and farm products. As the United States Trade Representative has stated, the elimination of global tariffs worldwide would "benefit the average American family of four with an extra $1,600 a year, while also removing high foreign tariff barriers on more than $670 billion in U.S. industrial and consumer goods exports." In order to keep America economically strong, our free trade agenda must succeed.

While there is a consensus in this country in support of free trade, your leadership is necessary for this to continue. If the steel tariffs remain in place, America's trade agenda will lose support domestically and abroad. This will only serve to undermine our burgeoning economic recovery. By completely eliminating the Section 201 steel tariffs, you can send a signal to American consumers and our trading partners that the United States stands proudly as the world's leader in advancing trade liberalization.

For the sake of our economy and to rejuvenate our trade agenda, we urge you to completely eliminate the steel tariffs.

Joe Knollenberg

Jim McCrery

Mark Kirk

Mark Kennedy

Phil Crane

David Dreier

Fred Upton

Wally Herger

Charles Bass

Nancy Johnson

Michael Castle

Christopher Shays

Jennifer Dunn

Kevin Brady

Michael Rogers MI-08

Jim Kolbe

Nick Smith

Donald Manzullo

Judy Biggert

Sam Johnson

Steve King

Thaddeus McCotter

Dave Camp

Jim Ramstad

Vernon J Ehlers
Vernon Ehlers

Ron Paul
Ron Paul

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

The Honorable Charles F. Bass
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Bass:

Thank you for your letter regarding the European Union's Value Added Tax (EU VAT) Directive. I appreciate your continued interest in this important matter and share your concerns about the potentially discriminatory impact the tax could have on U.S. suppliers of electronically delivered products and services. The Administration has expressed these concerns to the EU and has made it clear that we expect the Directive to be implemented in a manner that is consistent with the EU's trade obligations.

EU Member States are currently beginning their implementation of the new tax. As this process unfolds, we are working with other agencies to monitor the implementation of the VAT and to consult with U.S. suppliers regarding the impacts of the new tax on their business operations. I look forward to continuing to work with you and with U.S. suppliers to address issues of discrimination against U.S. companies should these arise as a result of the EU's implementation of this Directive.

Sincerely,

Bob Zoellick

Robert B. Zoellick

ONE HUNDRED EIGHTH CONGRESS

U.S. House of Representatives

Committee on Energy and Commerce

Washington, DC 20515–6115

W.J. "BILLY" TAUZIN, LOUISIANA,
CHAIRMAN

June 3, 2003

The Honorable Robert B. Zoellick
U.S. Trade Representative
Office of the United States Trade Representative
600 17th St. NW
Washington, DC 20508

Dear Ambassador Zoellick:

In July 25, 2002, I was joined by many of my colleagues in writing to you expressing our concern about the discriminatory impact of the European Union's Value Added Tax (EU VAT) Directive on U.S. companies seeking to provide Internet-related products and services to the European market. In that letter I noted that the committee I chair, the House Energy and Commerce Committee's Subcommittee on Commerce, Trade and Consumer Protection, had examined both the domestic and international treatment of digitally delivered goods and services. The Committee, to date, has conducted extensive review of barriers impeding the growth of e-commerce both within our borders and overseas.

Today, I am again joined by many of my colleagues in asserting that the discriminatory impact of the EU VAT Directive on U.S. companies violates the General Agreement on Trade in Services (GATS).

The Directive, which is set to take effect on July 1, will impose discriminatory requirements on U.S. (and other non-EU) companies by raising the price of U.S. products and services and by forcing American companies to comply with 15 different sets of onerous requirements imposed by EU Member States (or of going through the burden and expense of establishing significant facilities in Europe).

In many circumstances, the Directive will require non-EU suppliers to charge VAT on sales to EU consumers at rates higher than their EU competitors would charge on sales of the same product to the same consumers. For example, if a US supplier provides digital downloads of music and videos online or web hosting services to a consumer located in Sweden, the supplier must charge 25% VAT (the Swedish rate).

However, a French supplier selling the same services to the same consumer in Sweden would only be required to charge 19.6% (the French rate). In this example, the playing field in the Swedish market would be unfairly tilted against the U.S. company once the Directive takes effect.

In addition, U.S. suppliers will be subject to more burdensome (and thus far, ill-defined) administrative requirements. Indeed, they will have to comply with 15 sets of such requirements in order to serve customers throughout the EU (or else go through the burden and expense of setting up in Europe). U.S. companies will have to employ new staff and expend significant resources to 1) identify the location of their customers; 2) separately calculate the amount of VAT due to each EU member state; 3) maintain records for 10 years regarding these transactions; and 4) be subject to audit by 15 different tax authorities under 15 different sets of audit standards (one for each EU member state). For their part, EU companies need only comply with the VAT rules of their home jurisdiction. Fulfilling these onerous requirements will be extremely expensive and will place U.S. e-commerce companies at a competitive disadvantage.

Lastly, while our objective is to overturn the Directive entirely, we note a distressing trend in the Directive's implementation. Not only is it, for the foregoing reasons, violative of extant trade agreements, the Directive apparently will be implemented considerably more broadly than had been discussed with U.S. officials and industry during its drafting. We are particularly concerned about the EU's implementation guidelines issued this spring that would effectively expand the longstanding working definition of "Electronically Supplied Services" to which the VAT would be applied.

As we are sure that you are aware, these remain challenging times for many American Internet companies. They are fighting hard to make their businesses work and to reach global markets, thus helping to drive the American economy. We ask that they be given a fair chance and a level playing field. The EU VAT Directive will have the effect of discriminating against U.S. companies in violation of the GATS. On this basis, we strongly urge you to bring a case at the World Trade Organization to redress this discrimination.

We appreciate your attention to this matter and await your response.

Sincerely,

Cliff Stearns — Clifford Stearns

Anna G. Eshoo — Anna Eshoo

Bart Gordon — Bart Gordon

Edolphus Towns

Ambassador Zoellick
Page 3

Mike Ferguson
Mike Ferguson

John Shimkus IL-19
John Shimkus

Lee Terry
Lee Terry

Diana DeGette
Diana DeGette

Charles F. Bass
Charles Bass

Bart Stupak
Bart Stupak

Roy Blunt
Roy Blunt

Greg Walden
Greg Walden

Billy Tauzin
W.J. "Billy" Tauzin

List of Member Signatories

Mr. Stearns	Ms. Eshoo
Mr. Gordon	Mr. Towns
Mr. Ferguson	Mr. Shimkus
Mr. Terry	Ms. DeGette
Mr. Bass	Mr. Stupak
Mr. Blunt	Mr. Walden
Mr. Tauzin	

ONE HUNDRED SEVENTH CONGRESS

U.S. House of Representatives

Committee on Energy and Commerce

Washington, DC 20515—6115

W.J. "BILLY" TAUZIN, LOUISIANA,
CHAIRMAN

July 25, 2002

The Honorable Paul H. O'Neill
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable Donald L. Evans
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, D.C. 20230

The Honorable Robert B. Zoellick
Ambassador
Office of the United States Trade
Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Gentlemen:

The House Energy and Commerce Committee's Subcommittee on Commerce, Trade and Consumer Protection has been examining the domestic regulatory treatment of digitally delivered goods and services and conducting an extensive review of barriers preventing growth of electronic commerce globally. The Committee has held a number of hearings to examine efforts by foreign governing bodies, including the European Union and the Council of Europe, to either impose additional restrictions on electronic commerce or sweep it within existing ill-fitted regulatory regimes. This process has highlighted the radically different approaches toward the governance of electronic commerce taken by the United States and other governments.

As you are well aware, less than one year remains before July 1, 2003 deadline when the European Union (EU) will require the imposition of value-added tax (VAT) on sales of certain electronic commerce goods and services (EU VAT Directive). The changes made by the Directive, and related regulations, raise grave concerns that additional barriers are being imposed on electronic commerce. The EU VAT Directive also raises a host of practical problems and concerns. Most important among these concerns is whether American companies, the leading producers of electronic commerce goods and services in the world today, would be held to a different and potentially discriminatory standard than their European counterparts. As currently drafted, it is extremely likely that under certain circumstances, non-EU companies, including American companies, will be forced to charge a higher VAT rate on their goods and services to European customers than European companies will be required to charge for identical services and goods to the same customers. This is grossly unfair and could distort the marketplace for digitally delivered goods and services.

Furthermore, the EU VAT proposal raises a fundamental issue that needs to be addressed: whether digitally delivered goods and services should be treated the same as or different than non-digitally delivered goods and services. The EU proposal raises the possibility that the VAT rate applied to digitally delivered goods and services would be much higher than one imposed on the same goods and services when delivered physically. This is a logically unsound principal, as our examination suggests that the treatment of digitally delivered goods and services should be taxed at rates no greater than the same goods and services when delivered physically or perhaps should not be taxed at all.

Moreover, the administrative burdens imposed on non-European Union companies by the Directive would exceed those imposed on European companies offering identical digitally delivered goods and services. For instance, non-European Union companies would be required to develop and utilize methods to verify the location of their end customers – a process that cannot be accomplished with currently available technology. This is an expensive and potentially crippling addition to the business operations for suppliers of digitally delivered goods and services of non-EU companies. Other potentially expensive and onerous administrative issues needing clarification or refinement include: the potential for audits by multiple Member States of the EU; an undeclared minimum threshold level for application; and the possibility for multiple points of contact for differing aspects of compliance. Equally troubling is the lack of any commitment by EU member states to implement or enforce the directive uniformly, thus subjecting non-European companies to further divergent treatment and confusion. While some refinements and clarifications were made to the Directive as a means to reduce burdens on foreign imports of digitally delivered goods and services, these concessions were both too little and too late.

We commend the strong leadership of the Administration, specifically the comments of Deputy Treasury Secretary Kenneth Dam earlier this year and the work of the Internal Revenue Service, on this important topic. It is significant that similar concerns were raised by Secretary Dam's predecessor in the last Administration, Stuart Eizenstat, demonstrating the bi-partisan basis for our concerns. We also recognize that this issue has been raised in meetings with EU Commissioner for Internal Markets and Taxation Frits Bolkestein. However, much work remains, as the EU seems poised to continue forward undeterred in addressing unresolved implementation problems that will only effect non-EU suppliers of digital products and services as was amplified by recent public comments by Mr. Bolkestein. The Administration is in a position of strength on this issue, as its views are both correct and timely. We urge the Administration to take all necessary and appropriate means to address the inequalities embodied in the EU VAT Directive as it pertains to foreign suppliers of digitally delivered goods and services, especially American companies. This action should include all relevant efforts, including consideration of US WTO rights to properly refine or overturn the EU VAT Directive.

It should be known that we support and expect a continued strong stance by the Administration to address these issues in the future. The fundamental concerns raised by the EU VAT Directive cannot be negotiated or pushed away in an attempt to mitigate possible poor relations between the EU and the United States, but instead must be addressed squarely on the merits.

Lastly, it should be noted that the Committee may deem it necessary to hold additional hearings on this subject. We look forward to the Administration's participation and assistance in preparing for any additional hearings. We also look forward to building a strong working relationship with each of you in order to ensure electronic commerce can grow to its full potential – both domestically and internationally.

Sincerely,

Cliff Stearns

Edolphus Towns

Rick Boucher

Nathan Deal

Lee Terry

John Shimkus IL-20

Charles Bass

Greg Walden

Bart Gordon

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

OCT 9 2002

The Honorable Charles Bass
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Bass:

Thank you for your letter to us on the European Union (EU) Directive to apply value-added tax (VAT) to imports of certain e-commerce goods and services. We very much appreciate your expression of support for the Administration's positions and actions in this area.

The Administration has serious concerns about this EU Directive. We have repeatedly raised our concerns with EU officials and will continue to do so. Moreover, we are particularly concerned about the potential for implementing measures by either the EU or individual Member States that could impose significantly more onerous administrative and compliance measures on non-EU suppliers of digital goods and services than are imposed on EU suppliers of like goods and services. We share your concern that such discriminatory measures could negatively impact U.S. companies. To the extent that any such measure is adopted in a manner that is inconsistent with our trading partners' international trade obligations, we are prepared to explore all available remedies, including WTO dispute settlement.

We will consult closely with the Congress in determining appropriate steps should this directive ultimately be implemented in a manner that is unfair or discriminatory. We appreciate your interest in this important matter and look forward to working with you.

Sincerely,

Paul H. O'Neill
Secretary of the Treasury

Donald L. Evans
Secretary of Commerce

Robert B. Zoellick
U.S. Trade Representative

ONE HUNDRED SEVENTH CONGRESS PM 4: 25

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515–6115

W.J. "BILLY" TAUZIN, LOUISIANA,
CHAIRMAN

July 25, 2002

The Honorable Paul H. O'Neill
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable Donald L. Evans
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, D.C. 20230

The Honorable Robert B. Zoellick
Ambassador
Office of the United States Trade
Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Gentlemen:

The House Energy and Commerce Committee's Subcommittee on Commerce, Trade and Consumer Protection has been examining the domestic regulatory treatment of digitally delivered goods and services and conducting an extensive review of barriers preventing growth of electronic commerce globally. The Committee has held a number of hearings to examine efforts by foreign governing bodies, including the European Union and the Council of Europe, to either impose additional restrictions on electronic commerce or sweep it within existing ill-fitted regulatory regimes. This process has highlighted the radically different approaches toward the governance of electronic commerce taken by the United States and other governments.

As you are well aware, less than one year remains before July 1, 2003 deadline when the European Union (EU) will require the imposition of value-added tax (VAT) on sales of certain electronic commerce goods and services (EU VAT Directive). The changes made by the Directive, and related regulations, raise grave concerns that additional barriers are being imposed on electronic commerce. The EU VAT Directive also raises a host of practical problems and concerns. Most important among these concerns is whether American companies, the leading producers of electronic commerce goods and services in the world today, would be held to a different and potentially discriminatory standard than their European counterparts. As currently drafted, it is extremely likely that under certain circumstances, non-EU companies, including American companies, will be forced to charge a higher VAT rate on their goods and services to European customers than European companies will be required to charge for identical services and goods to the same customers. This is grossly unfair and could distort the marketplace for digitally delivered goods and services.

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We commend the strong leadership of the Administration, specifically the comments of Deputy Treasury Secretary Kenneth Dam earlier this year and the work of the Internal Revenue Service, on this important topic. It is significant that similar concerns were raised by Secretary Dam's predecessor in the last Administration, Stuart Eizenstat, demonstrating the bi-partisan basis for our concerns. We also recognize that this issue has been raised in meetings with EU Commissioner for Internal Markets and Taxation Frits Bolkestein. However, much work remains, as the EU seems poised to continue forward undeterred in addressing unresolved implementation problems that will only effect non-EU suppliers of digital products and services as was amplified by recent public comments by Mr. Bolkestein. The Administration is in a position of strength on this issue, as its views are both correct and timely. We urge the Administration to take all necessary and appropriate means to address the inequalities embodied in the EU VAT Directive as it pertains to foreign suppliers of digitally delivered goods and services, especially American companies. This action should include all relevant efforts, including consideration of US WTO rights to properly refine or overturn the EU VAT Directive.

July 25, 2002
Page 3

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Lastly, it should be noted that the Committee may deem it necessary to hold additional hearings on this subject. We look forward to the Administration's participation and assistance in preparing for any additional hearings. We also look forward to building a strong working relationship with each of you in order to ensure electronic commerce can grow to its full potential – both domestically and internationally.

Sincerely,

Cliff Stearns
Edolphus Towns
Rick Boucher
Nathan Deal
Lee Terry
John Shimkus
Charles Bass
Greg Walden
Bart Gordon

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

APR 28 2003

Representative Charles Bass
U.S. House of Representatives
2421 Rayburn House Office Building
Washington, DC 20515-2902

Dear Representative Bass:

Thank you for your letter supporting free trade agreement negotiations with the five member countries of the Southern African Customs Union (SACU). These negotiations provide a valuable opportunity to open new markets for U.S. companies, farmers and workers, to build on the tremendous success of the African Growth and Opportunity Act (AGOA), and to further draw southern Africa and the wider region into the mainstream of the global economy.

With your continued support, we can establish an enduring trade and investment partnership with southern Africa that will deliver new hope and economic opportunity to millions and serve as a model for future agreements with the developing world. Trade capacity building will be an integral component of these negotiations, and we have established a special cooperative group to further common technical assistance goals. Building on a $2 million initial grant from USAID and drawing on the resources of multilateral financial institutions and the private sector, this group will help the SACU countries participate fully in negotiations, implement their commitments and take advantage of new trade opportunities.

Our free trade agreement with SACU is a vital part of our broader effort to expand U.S. trade and investment ties with all of sub-Saharan Africa. We look forward to working with you this year to heed President Bush's call to extend AGOA beyond 2008 and to help countries across the region take full advantage of their existing benefits. We will also continue to work closely with you and with African nations to advance common objectives through the WTO Doha Development Agenda and our bilateral Trade and Investment Framework Agreements with Ghana, Nigeria, the Common Market for Eastern and Southern Africa, and the West African Economic and Monetary Union.

I welcome your continued support for free trade with southern Africa, and I look forward to working with you to secure an agreement that serves the mutual interests of the United States and SACU.

Sincerely,

Bob Zoellick

Robert B. Zoellick

Congress of the United States
Washington, DC 20515

January 9, 2003

The Honorable Robert B. Zoellick
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Mr. Ambassador:

We welcome President Bush's recent decision to enter into negotiations for a Free Trade Agreement (FTA) with the five member countries of the Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland). This decision, of which you notified Congress on November 4, 2002, reflects what has been a bipartisan focus on promoting trade and investment with sub-Saharan Africa. We look forward to working with you as you endeavor to negotiate an agreement that will serve the mutual interests of the United States and the nations of the Southern African Customs Union (SACU).

In 2000. Congress passed and President Clinton signed the African Growth and Opportunity Act (AGOA), landmark trade legislation that reflected the strong commitment the Congress and the previous Administration held toward the development needs of the continent. As you have noted on several occasions, sub-Saharan Africa is marginalized from the world economy, which both reflects and reinforces its lack of economic development. We are pleased that in a few short years, several sub-Saharan African countries have benefited considerably from AGOA, which has helped them attract substantial foreign investment and experience impressive job creation as a result. Several of us have had the opportunity to visit some of these countries and witness first hand AGOA at work. While provisions contained in the Trade Act of 2002 enhanced AGOA, more needs to be done.

Through AGOA, Congress called for the negotiation of free trade agreements with interested countries in sub-Saharan Africa. Indeed, this proposed FTA with SACU seeks to build upon AGOA, further encouraging and solidifying economic and commercial reforms that will aid U.S. and other businesses operating within SACU. The SACU countries already represent sales of $3.1 billion (2001) for U.S. exporters. This proposed FTA would work to expand this level of commerce by liberalizing the access of U.S. goods and services to the SACU market and improving its foreign direct investment climate. The Southern African Customs Union is a strong potential FTA partner, as its five member countries have all met AGOA qualification criteria, including a demonstrated commitment to establishing a market-based economy. In time, we hope that other AGOA beneficiaries can be identified for inclusion in this FTA, or in future agreements.

Letter to Ambassador Zoellick, Page 2

It is difficult to look at any region of sub-Saharan Africa and not feel a sense of urgency. The continent faces numerous severe challenges, many of which are related to its distressingly low level of economic development. An FTA with SACU should be an effective tool in our fight against the continent's economic underdevelopment. The increase in trade and investment it almost certainly would produce would directly aid many Africans and advance our nation's varied interests in this region. Such an agreement would also strengthen and improve the framework under which trade is conducted, bolster the rule of law, and send a powerful signal that sub-Saharan Africa has the potential to compete and take a meaningful place in the world economy. These SACU FTA objectives should be achieved within the overall policy goal of expanding trade with sub-Saharan Africa. Towards that end, as the negotiations with SACU progress, we hope to work with you on trade and investment capacity building initiatives throughout sub-Saharan Africa, which should help a SACU FTA work for its participating and non-participating countries.

Mr. Ambassador, while our final judgment of this proposed FTA awaits a successful completion of its negotiation, we heartily commend your determination to take this next critical step to deepen the United States' economic and commercial engagement with the countries of sub-Saharan Africa. We look forward to working with you as these negotiations proceed.

Sincerely,

Edward Royce
Philip Crane
Charles Rangel
Henry Hyde
Sander Levin
Michael Oxley
William Jefferson
Donald Payne
~~Doc Hastings~~ Alcee Hastings
Doug Bereuter
Amo Houghton
Jim McDermott
Ron Kind
Eddie Bernice Johnson
Julia Carson
Gregory Meeks
Mark Green
Earl Blumenauer
Donald Manzullo
Jim McCrery

Letter to Ambassador Zoellick, Page 3

Christopher Shays

Calvin Dooley

Ray LaHood

Mark Kirk

Jennifer Dunn

Jim Ramstad

Kevin Brady

Jeff Flake

Jim Davis

Pete Sessions

Rob Portman

Harold Ford

Phil English

Jim Nussle

Howard Berman

Steve Chabot

Diane Watson

Sheila Jackson Lee

David Dreier

Judy Biggert

Charles Bass

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

AUG 8 2002

The Honorable Charles Bass
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Bass:

I wanted to thank you personally for your vote for renewing Trade Promotion Authority. After an absence of this authority for eight years, this vote is a boost for American leadership, workers, and families.

Your support has been critical to our efforts to open world markets for American farm products, manufactured goods, and services. With your help, we can continue to do our best to strike the strongest possible deals to advance American interests.

I firmly believe that this vote will help to advance our economic recovery, regain momentum on our trade agenda, and allow the United States to provide essential leadership in global trade.

I greatly appreciate your help. And I wanted you to know that we will do our best to earn the confidence you have vested in us.

With best wishes and thanks,

Bob

Robert B. Zoellick

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

DEC 10 2001

The Honorable Charles Bass
United States House of Representatives
Washington, DC 20515

Dear Congressman Bass:

I wanted to thank you personally for your vote for renewing Trade Promotion Authority. The House vote is a boost for American leadership, American workers, and American families.

Your support was an essential step in our efforts to open the world markets for American farm products, manufactured goods, and services. With your help, we can continue to do our best to strike the strongest possible deals to advance American interests.

I firmly believe that this vote will help to stimulate our economic recovery, regain momentum on our trade agenda, and return the United States to its rightful place as a leader in global trade.

I greatly appreciate your help. And I wanted you to know that we will do our best to earn the confidence you have vested in us.

With best wishes and thanks,

Bob

Robert B. Zoellick

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

JAN 10 2006

The Honorable Michael Fitzpatrick
U.S. House of Representatives
Washington, D.C. 20515

Dear Mike,

Thank you for your letter to the President regarding the China-specific safeguard mechanism set forth in Section 421 of the Trade Act of 1974, as amended, and the recent investigation of circular welded non-alloy steel pipe imports from China.

On December 30, the President determined that imposing import restrictions was not in the U.S. national economic interest, given the particular circumstances of the steel pipe case. Under Section 421, the President is required to consider how import restrictions would affect the national economic interest and, specifically, whether the adverse impact on the U.S. economy would be clearly greater than the benefits. In determining not to impose import restrictions, the President explained that, based on the ITC analysis, import relief was unlikely to provide a meaningful benefit to domestic producers.

The facts in this case further indicated that imposition of China-specific import relief would likely be ineffective because of the extent to which imports from third countries would replace curtailed Chinese imports. A large number of third countries – the ITC documented more than 50 of them – supplies the U.S. market with standard pipe, many of them at low prices. Although antidumping duties currently apply to imports from eight of those countries, there are many other countries currently supplying standard pipe to the U.S. market that could fill the void created by curtailed Chinese imports. At the same time, the President explained that the ITC analysis demonstrated that import relief would cost U.S. consumers as much as five times more than the increased income that could be realized by domestic producers.

Although the President decided against imposing import relief in this particular case at this time, the Administration continues to consider the authority granted under Section 421 to be a valuable and important trade mechanism to be used when the facts and circumstances of a particular case warrant it. The Administration is also determined to defend and advance the rights of U.S. manufacturers, including when they face unfair or injurious trade from China. Over the last year or so, the Administration took full advantage of another China-specific safeguard, as it imposed safeguards on 19 different categories of textiles and apparel products. These actions recently lead to a broad agreement with China restricting 34 categories of textiles and apparel products through the end of 2008.

The Administration has also continued to actively pursue antidumping cases against unfairly traded Chinese imports. Since the end of 2001, when China joined the World Trade Organization, the Bush Administration has put in place 18 different antidumping orders covering Chinese imports. There are currently more antidumping orders in place against imports from China than against any other country's imports.

At the same time, the Administration continues to work aggressively to open markets for U.S. manufactured and other goods in China, and these efforts have met with some success. U.S. exports to China increased by 22 percent in 2004 and were up another 18 percent the first three quarters of 2005. Overall, since China joined the WTO in December 2001, U.S. exports to China have increased five times faster than U.S. exports to the rest of the world. As a result, China has risen from our 9th largest export market four years ago to our 4th largest export market today. Nevertheless, as you are aware, U.S. companies continue to face significant trade barriers that we believe China should have eliminated or reduced when it joined the World Trade Organization. As you can see from our 2005 Report to Congress on China's WTO Compliance, issued in December, we are working hard, and will continue to work hard, to address these matters on a number of fronts and through a number of different means.

Thank you for bringing your concerns to my attention. Please do not hesitate to contact me if you or your staff have further questions. Please keep in touch.

Sincerely,

Rob

Rob Portman

Congress of the United States
Washington, DC 20515

November 28, 2005

The Honorable George W. Bush
President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

EW/LACORR 11/28

Dear Mr. President:

The International Trade Commission (ITC), on October 3, 2005, determined that surging imports from China were a significant cause of market disruption to the U.S. circular welded non-alloy pipe (standard pipe) industry (Investigation No. TA-421-06). We write to urge you to grant quota relief under §103 of P.L. 106-286 (Section 421) to this critical domestic industry.

Imports of standard pipe from China surged by over 2,600 percent: from 10,000 tons in 2002 to 270,000 tons in 2004. These same imports are on track to exceed 380,000 tons in 2005; imports from China reached $22.7 billion in the month of August alone.

As a result of these surging imports, production and shipments are down by more than 25 percent; 20 percent of the workforce has been laid off; and, from 2002 to 2004, Chinese market share increased from 0.4 percent to just over 10 percent. Additionally, plants in Portland, Oregon and Bossier City, Louisiana have been shuttered and plant closings are imminent in Arizona, Arkansas, California, Ohio, Pennsylvania, and Tennessee without immediate relief under Section 421.

Between January 2002 and February 2005, five Section 421 petitions were filed and initiated by the ITC. In three of those cases the ITC found that imports caused market disruption, yet no relief was granted to the industries and workers involved under this statute. In the case of the wire garment hanger industry, one of the three cases affirmed by the ITC, three of the six producers have exited the market, twelve of fifteen plants have closed, and almost 1,000 jobs have been lost without relief under Section 421.

Section 421, enacted as a condition of Congress as part of China's accession to the WTO, is a critical element in our trade remedy arsenal because it augments the antidumping and countervailing duty laws by providing domestic producers with a way to respond to absolute or relative increases of imports over periods of time that result in market disruption. This unique trade remedy mechanism was included by Congress in the U.S. – China Relations Act of 2000 precisely to respond to cases such as this one. We must remain committed to using the trade laws which were implemented as a condition of China's accession package.

We believe that, given the overwhelming evidence of injury, relief under Section 421 is warranted and necessary to provide adequate relief to the standard pipe industry. Therefore, we respectfully request that you impose quota relief at the pre-surge level of 90,000 tons annually.

Sincerely,

Phil English
Member of Congress

Peter J. Visclosky
Member of Congress

Jerry Weller
Member of Congress

Melissa Hart
Member of Congress

Bob Ney
Member of Congress

Robert Aderholt
Member of Congress

Robert Brady
Member of Congress

Mark Souder
Member of Congress

John Peterson
Member of Congress

Artur Davis
Member of Congress

Tim Ryan
Member of Congress

Ted Strickland
Member of Congress

Marion Berry
Member of Congress

Sherrod Brown
Member of Congress

Bart Stupak
Member of Congress

Tim Holden
Member of Congress

Bob Filner
Member of Congress

Robert Andrews
Member of Congress

Ed Pastor
Member of Congress

John Dingell
Member of Congress

Gene Green
Member of Congress

Robert Cramer
Member of Congress

John Conyers
Member of Congress

Sheila Jackson-Lee
Member of Congress

Steven LaTourette
Member of Congress

Louise McIntosh Slaughter
Member of Congress

Brian Higgins
Member of Congress

Duncan Hunter
Member of Congress

Tim Murphy
Member of Congress

~~Juanita Millender-McDonald~~
~~Member of Congress~~

Jim Nussle
Member of Congress

G.K. Butterfield
Member of Congress

Allyson Schwartz
Member of Congress

Marcy Kaptur
Member of Congress

Rosa DeLauro
Member of Congress

Mike Ross
Member of Congress

Walter Jones
Member of Congress

Nick Rahall
Member of Congress

Raúl Grijalva
Member of Congress

John Shimkus (2-19)
Member of Congress

Frank Pallone
Member of Congress

James McGovern
Member of Congress

Daniel Lipinski
Member of Congress

John Spratt
Member of Congress

Sam Graves
Member of Congress

Danny Davis
Member of Congress

Julia Carson
Member of Congress

Grace Napolitano
Member of Congress

Carolyn Kilpatrick
Member of Congress

C.A. Dutch Ruppersberger
Member of Congress

Thaddeus McCotter
Member of Congress

Dennis Kucinich
Member of Congress

Dale Kildee
Member of Congress

Lane Evans
Member of Congress

Jerry Costello
Member of Congress

Alan Mollohan
Member of Congress

Leonard Boswell
Member of Congress

Michael Fitzpatrick
Member of Congress

Ralph Regula
Member of Congress

Jim Gerlach
Member of Congress

Mike Doyle
Member of Congress

Mike Ross
Member of Congress

Vic Snyder
Member of Congress

EXECUTIVE OFFICE OF THE PRESIDENT
DEPUTY UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

JAN 24 2005

The Honorable Michael G. Fitzpatrick
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Fitzpatrick:

Intellectual property is the competitive cornerstone of our nation's innovation economy, and this Administration has made protection of intellectual property rights (IPR) around the world a top priority. Today, we face no greater challenge to that effort than rampant piracy and counterfeiting in China, and I am writing to seek your help to spread the word about an upcoming special review of China's IPR enforcement regime and a dedicated hotline the Administration has established to assist Americans facing IPR problems in China and other overseas markets.

In a December *Federal Register* notice, USTR requested public comments for a systematic evaluation of China's IPR enforcement regime that we will conduct in the first quarter of this year. This evaluation will measure China's progress in implementing the commitments it made at the April 2004 U.S.-China Joint Commission on Commerce and Trade (JCCT) meeting to significantly reduce IPR infringement levels. We have developed a simple questionnaire that makes it easy for U.S. companies and associations to assist in this effort by contributing specific information on IPR infringement cases in China. That questionnaire is available on our web site at www.ustr.gov/Trade_Sectors/Intellectual_Property/Section_Index.html and we need your help to get it into the hands of interested constituents through your newsletter, web site and other vehicles.

For those who may face immediate piracy and counterfeiting problems in China or other countries, I also want to alert you to a dedicated hotline – (866) 999-HALT – established under the Administration's new Strategy Targeting Organized Piracy (STOP!). This hotline is a one-stop-shop for live information designed to help U.S. firms and individuals secure and enforce their intellectual property rights in overseas markets. And it should be the first stop for constituents who report IPR infringement problems abroad.

Thank you in advance for your help in publicizing this information. Your continued leadership and support for USTR's global IPR enforcement efforts is vital to our success, and I look forward to working closely with you as we continue to fight to ensure that China and other trading partners respect American ideas and innovations.

Sincerely,

Josette S. Shiner

Josette Sheeran Shiner

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

AUG 1 6 2007

The Honorable Steve Chabot
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Chabot:

Thank you for your letter regarding the Administration's policy review of the U.S. International Trade Commission's (USITC) remedy issued in its investigation of *Certain Baseband Processor Chips and Chipsets* (Inv. No. 337-TA-543). After an administrative proceeding, the USITC determined that Qualcomm Incorporated had infringed a valid patent held by Broadcom Corporation and issued a limited exclusion order affecting infringing chips and chipsets and certain cellular telephone handsets containing those components.

Since 1974, USITC orders issued pursuant to section 337 of the Tariff Act of 1930 have been allowed to enter into effect unless there have been compelling policy reasons for disapproval. This practice is based on the legislative intent of section 337, which is to provide a timely trade remedy against entry of unfair imports that, *inter alia*, infringe U.S. patents, copyrights, and trademarks, while taking into account policy concerns of an exceptional nature. The legislative history to section 337 provides examples of policy reasons that could warrant disapproval of a remedy, including the effects on public health and welfare, competitive conditions in the U.S. economy, and U.S. consumers.

During the policy review of the USITC remedy in this investigation, USTR provided opportunities for affected parties to provide their views on the potential impact of the limited exclusion order. Senior officials from a number of U.S. agencies – including the Departments of Homeland Security (DHS), State, Commerce, Treasury, Transportation, and Justice – spent considerable effort evaluating the policy implications of the USITC's limited exclusion order, including its potential impact on public safety and other economic effects.

In particular, DHS advised that it did not believe there were public safety risks sufficient to justify disapproval of the USITC's limited exclusion order. DHS also advised that Broadcom Corporation's offer of royalty-free public safety licensing to state and local public safety organizations and its licensing agreements with two major wireless carriers will ameliorate to a significant degree concerns regarding the order's potential effect on public safety wireless broadband systems and third-generation (3G) wireless network deployment.

While we recognize legitimate concerns that certain market participants and others have expressed regarding the potential effects of the limited exclusion order, we believe that steps are being taken to address those concerns. The Administration took into account developments after the exclusion order was issued, such as licensing agreements and efforts to implement technology that would not infringe the patent at issue. Certain market participants, for example, have announced the use of a software work-around that they believe is non-infringing.

We believe that use of the software work-around and the two licensing agreements will address in large part the concerns raised about delay in 3G network deployment.

Accordingly, after carefully weighing these considerations, interagency consensus against use of the disapproval authority, and information received from interested parties, I decided to permit the USITC limited exclusion order to become final.

I appreciate you taking the time to provide your views to me during the review.

Sincerely,

Susan C. Schwab

Susan C. Schwab

JOHN CONYERS, JR., Michigan
CHAIRMAN

LAMAR S. SMITH, Texas
RANKING MINORITY MEMBER

U.S. House of Representatives

Committee on the Judiciary

Washington, DC 20515–6216

One Hundred Tenth Congress

July 19, 2007

The Honorable George W. Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

We are writing to you about the June 7, 2007, decision by the U.S. International Trade Commission ("ITC") in the patent case Broadcom brought against Qualcomm. As you know, the ITC banned the import of all new broadband wireless handset models that use Qualcomm chips, and the agency banned existing models that include new features or functions. Qualcomm provides the chips for virtually every broadband wireless handset. If allowed to go into effect, the ITC's action will harm public safety, consumers, and the U.S. economy. While we take no position on the merits of the patent issue between Broadcom and Qualcomm, we believe that the President should reject the ITC exclusion order using statutory authority Congress provided precisely to address the type of extraordinary harms that would be inflicted here.

As Members of the committee with jurisdiction over intellectual property enforcement, we support strong intellectual property laws, including the appropriate use of Section 337 to enforce those laws. But in giving the President specific authority to disapprove ITC decisions pursuant to Section 337, Congress recognized that, in a few special cases, an ITC order might so adversely affect the U.S. economy, consumers, competitiveness, and the national interest, that such an order should not go into effect. And Section 337 recognized that the President, not the ITC, often is in the best position to determine what the impact will be on the U.S. economy, competition, consumers and public safety of an ITC exclusion order. That impact is particularly strong here, where a majority of ITC commissioners adopted at the last minute an improvised but sweeping remedy – over the strong objections of the ITC Chairman and another commissioner – whose effect had not been properly considered by the agency before its adoption.

The impact of an exclusion order in this case would be unprecedented. U.S. wireless carriers have spent billions of dollars building new broadband networks that need the new devices that would be banned by the ITC order. They plan to sell tens of millions of advanced wireless handsets that consumers are demanding this year alone, absent the ITC's ban. And wireless broadband handsets provide tremendously valuable new services to consumers while enabling carriers to achieve large cost efficiencies.

We note that there is no reason to believe the President's exercise of his Congressionally-granted disapproval authority in this ITC case will have any adverse impact on the enforcement of intellectual property rights. Section 337 will remain intact, as it has after five previous Presidential disapprovals.

In the first dissent in the ITC in fifteen years, the two dissenting commissioners applied well-understood ITC precedents in finding that the sweeping innovation ban adopted by the ITC majority was over-reaching – precisely because of the unprecedented harm it would inflict on public safety, U.S. consumers and the U.S. economy. There is no absolute right to impose exclusion orders or injunctions even on infringing goods, either at the ITC or in U.S. patent law.

Finally, Broadcom will suffer no prejudice from Presidential disapproval. Broadcom has filed a case involving the identical patent in federal court and can seek all appropriate remedies, including money damages. In this unprecedented case, where imposition of the ITC's improvised remedy will cause vast harm to the United States, federal district court is the appropriate forum for relief.

Thank you for considering this request.

Sincerely,

Lamar Smith
Ranking Member

Adam Schiff
Member of Congress

F. James Sensenbrenner, Jr.
Member of Congress

The Honorable George W. Bush
July 19, 2007
Page 3 of 3

Howard Coble
Member of Congress

Melvin Watt
Member of Congress

Chris Cannon
Member of Congress

Steve Chabot
Member of Congress

Robert Wexler
Member of Congress

Spencer Bachus
Member of Congress

Ric Keller
Member of Congress

Luis Gutierrez
Member of Congress

Darrell Issa
Member of Congress

Mike Pence
Member of Congress

Steve King
Member of Congress

Trent Franks
Member of Congress

Louie Gohmert
Member of Congress

Jim Jordan
Member of Congress

cc: Ambassador Susan C. Schwab

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

JUL 10 2006

Mr. Cliff Jacobs
Cliff Jacobs Automotive & Aluminum
Wheel Repair
7424 Harrison Avenue
Cincinnati, OH 45231

Dear Mr. Jacobs:

Thank you for your letter expressing concern regarding patent infringement in China. Many small companies experience difficulty protecting their intellectual property rights (IPR) abroad, including in China, as they are not aware of how to obtain and enforce rights in foreign markets. Some basic, often low-cost, steps small companies should consider include:

1. Working with legal counsel to develop an overall IPR protection strategy.
2. Developing detailed IPR language for licensing and subcontracting contracts.
3. Conducting due diligence of potential foreign partners (The U.S. Foreign Commercial Service can help, see the Department of Commerce's website www.export.gov).
4. Recording their U.S.-registered trademarks and copyrights with Customs and Border Protection.
5. Securing and registering patents, trademarks, and copyrights in key foreign markets, including defensively in countries where IPR violations are common.

The U.S. government has taken numerous steps to stem the tide of IPR infringement in China. I would like to alert you to three specific ways in which these efforts can help U.S. small- and medium-sized businesses. First, the Department of Commerce, in cooperation with the American Bar Association, has established a Small and Medium Enterprise (SME) China Advisory Program under which small- and medium-sized companies can request a free, one hour consultation with a volunteer attorney experienced in IPR issues and the Chinese market. More information on this program can be obtained at http://www.stopfakes.gov/sme_china_ipr.asp.

Second, at the request of the U.S. Government, earlier this year China posted Mr. Yang Guohua as the IPR Ombudsman at its Embassy in Washington to serve as a point of contact, especially for small- and medium-sized U.S. businesses that are seeking to secure and enforce their IPR in China or are experiencing IPR problems in China.

Third, the Department of Commerce has trade specialists who are trained to work with companies to develop a company-specific strategy for confronting IPR problems in China and around the world. You can learn more about these resources by visiting www.stopfakes.gov, or by calling 1-866-999-HALT.

Mr. Cliff Jacobs
Page Two

Thank you again for alerting me to your concerns. I hope my suggestions are helpful to you.

Sincerely,

Victoria A. Espinel

cc: The Honorable Steve Chabot

133021

STEVE CHABOT
MEMBER OF CONGRESS
FIRST DISTRICT, OHIO

129 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2216

CAREW TOWER
441 VINE STREET, ROOM 3003
CINCINNATI, OH 45202
(513) 684-2723

Congress of the United States
House of Representatives
Washington, DC 20515

COMMITTEES:

JUDICIARY
SUBCOMMITTEE ON THE CONSTITUTION
CHAIRMAN
SUBCOMMITTEE ON CRIME, TERRORISM, AND HOMELAND SECURITY
SUBCOMMITTEE ON COMMERCIAL AND ADMINISTRATIVE LAW

INTERNATIONAL RELATIONS
SUBCOMMITTEE ON THE MIDDLE EAST AND CENTRAL ASIA
VICE-CHAIRMAN
SUBCOMMITTEE ON ASIA AND THE PACIFIC

SMALL BUSINESS
SUBCOMMITTEE ON TAX, FINANCE, AND EXPORTS

April 18, 2006

Rob Portman
U.S. Trade Representative
600 16th Street, NW
Washington, DC 20508

Dear Ambassador Portman: Rob,

Enclosed is correspondence that I have been asked to forward to you from a constituent of mine, Cliff Jacobs. Mr. Jacobs is currently in the process of obtaining a patent for his machine to straighten alloy wheels, but is concerned that the patent may be easily duplicated by other countries.

I would very much appreciate it if you would take the time to carefully review the enclosed correspondence, make it part of any public record, and provide me with a copy of your response to Mr. Jacobs.

I respectfully request that you give Mr. Jacobs every and full consideration in accordance with all applicable laws and regulations in the resolution of this matter. Please advise as to any assistance my office can provide.

If you have any questions, or if I can be of further assistance, please feel free to contact my Staff Assistant, Anna Rack, at (513) 684-2723. Thank you.

Sincerely,

Steve

Steve Chabot
Member of Congress

SC:ar

enclosure

OFFICE OF UNITED STATES TRADE REPRESENTATIVE
2006 MAY 11 PM 3: 45

Cliff Jacobs Automotive & Aluminum Wheel Repair

7424 Harrison Avenue
Cincinnati, Ohio 45231
(513) 522-8988 FAX 522-8002

March, 24, 2006

U. S. Trade Representative
Ambassador Rob Portman
600 17th Street N.W.
Washington, DC 20508
USA

Dear: Ambassador Rob Portman

I have watched your career with enthusiasm. As a small businessman I am requesting you're help so that my machine for straightening alloy wheels won't be copied by China.

My machine, however, is easily patentable and I have started by making drawings, and writing a complete description including claims based on custom issued patents.

I can see a market for five hundred machines nationally and maybe ten thousand worldwide. My concern is the patent would be easy to duplicate. It was suggested contacting you before we proceed. I am looking for advise on what path to pursue. Can you help in any way? Thank you in advance for looking in to this.

Sincerely, Cliff Jacobs

Cliff Jacobs

Abstract

Aluminum Passenger car,light truck,SUV & van wheels are mostly bent (dented in) from the rim inward toward center. This is refereed to as a radial bent.. These bents can be pushed out by applying pressure to the bend area, while using a free floating rim press. Holding the rim on both sides of the bend & the opposite side of the rim to keep the wheel taunt. Some wheels may require small amounts of heat depending on the hardness of the wheel. A small amount of heat makes most aluminum & alloys accept the straightening process. The rim of the wheel supports the straightening process. This keeps excessive pressures from the hub of the wheel. Thus not allowing a lateral (twist) problem to occur from using the hub as an anchor point. Certain wheels may be straightened without heat. The wheel can be easily taken in & out of the straightening fixture to set on a rotating fixture to enable measuring the area with a dial indicator. This step is easily repeated until wheel meets all specifications. Wheels between 12 & 30 inch Diameter are candidates for this process. Widths can vary. Wheels installed by lug nuts or lug bolts through holes in a central hub area are entirely included.

About Cliff Jacobs Wheel Repair

Cliff Jacobs Wheel Repair has been straightening aluminum wheels for over fifteen years. We originally built our first piece of equipment to straighten our own racecar wheels. At that time we were approached by a tire dealer (friend) to attempt a passenger car wheel. A short time latter we were asked to straighten an aluminum wheel by a car dealer. It blossomed from there. We built new equipment and are currently on our fifth generation wheel machine. After researching the present technology we have decided to pursue our own patent. We are in that process now.

About Cliff, a Vietnam veteran (67-68) and a Gear Head ever since. Starting with a six-year involvement in the speed equipment industry as a Speed Shop owner and field rep for a large Speed equipment supplier. The next few years were spent working with an Indy Car Team and crew chief on a sprint car team. The next move was as a instructor at Southern Ohio College, working his way into the senior instructor position before moving into business for him self (Automotive Repair). The last fifteen years expanded into the Aluminum Wheel Repair. During that last twenty five years here he has built and campaigned his own racecar, winning a few TV races and receiving awards from U.S.A.C. and other race organizations. Cliff's racing ended in 1997 due to a family health problem he had to take care of. He still keeps in touch helping others in their pursuit of the Checkered Flag.

A web site was discussed a few years back, but no action was taken. A nephew of Cliffs lit a fire under him in early 2006 and here we are

note: member NFIB – BBB

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

MAY 08 2006

The Honorable Steve Chabot
U. S. House of Representatives
Washington, D.C. 20515

Dear Steve —

Thank you for your letter reiterating your concern about the role of immigration provisions in ongoing trade negotiations.

I am very much aware of the House Judiciary Committee's views on this difficult issue. As you know, subsequent to Congressional approval of the U.S.-Chile and U.S.-Singapore Free Trade Agreements (FTAs), the Administration has respected Congressional sensitivities concerning immigration provisions in trade agreements. Since that time we have not addressed temporary entry of persons in trade negotiations.

I have also heard clearly your concerns about the Mode 4 requests made to the United States by a group of developing countries in the context of the negotiations on the General Agreement on Trade in Services (GATS) in the World Trade Organization (WTO). As we have discussed, Mode 4 remains one of the central issues in the current round of WTO services negotiations. The U.S. response in this area will have an important impact on our ability to secure a level playing field for U.S. companies and thereby support U.S. growth and employment. Nonetheless, we have respected Congressional wishes and have not engaged in negotiations on Mode 4 in the WTO services negotiations.

I appreciate your renewed offer to work with the Administration to develop the best immigration policy for America, one that addresses essential national security, as well as our economic and trade interests. Please keep in touch.

Sincerely,

Rob

Rob Portman

ONE HUNDRED NINTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON THE JUDICIARY

2138 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6216

(202) 225-3951
http://www.house.gov/judiciary

April 5, 2006

The Honorable Rob Portman
United States Trade Representative
600 17th St., N.W.
Washington, D.C. 20508

Dear Ambassador Portman:

In recent years, the Committee on the Judiciary has spoken with a clear bipartisan voice in opposing efforts to negotiate immigration provisions in any trade agreement. We write to reiterate our bipartisan opposition to the inclusion of any immigration (including temporary entry) provision in any bilateral or multilateral trade agreement entered into by the United States.

Article I, section 8, clause 4 of the Constitution provides that Congress shall have power to "establish an uniform Rule of Naturalization." The Supreme Court has long held that this constitutional grant provides Congress with exclusive power over immigration policy. The inclusion of immigration matters in trade agreements subverts this clear constitutional mandate. In addition, expedited congressional consideration of these provisions derogates the authority of Congress to subject immigration proposals to the formal consideration and amendment process so vital to creating sound immigration policy

It is our understanding that a number of countries have made a collective demand as part of the World Trade Organization's Doha round of negotiations on the General Agreement on Trade in Services to permit employees of foreign-based companies with the "appropriate educational and professional qualifications" to enter the United States to perform contractual services "for management of operations, or provision of services at a level of complexity and specialty that require, at a minimum, a diploma or a university degree, or demonstrated experience."

The inclusion of these or any other immigration-related demands in any trade agreement would vitiate the pledge of former Ambassador Zoellick and circumvent the constitutional authority of Congress. Therefore, we request that you reaffirm former Ambassador Zoellick's commitment to reject any effort to include immigration-related or other matters pertaining to the movement of foreign nationals into the United States in any pending or future bilateral or multilateral trade agreement negotiated or entered into by the United States.

The Honorable Rob Portman
April 5, 2006
Page 2

Finally, we would like to reiterate our invitation to consider proposals by the Administration to address immigration-related matters through the formal legislative process that these issues demand. We look forward to working with you and the President to craft the best immigration policy for America.

Sincerely,

Chairman F. James Sensenbrenner, Jr.

Ranking Member John Conyers, Jr.

The Honorable Henry J. Hyde

The Honorable Howard Coble

The Honorable Lamar S. Smith

The Honorable Elton Gallegly

The Honorable Bob Goodlatte

The Honorable Steve Chabot

The Honorable Daniel E. Lungren Dan

The Honorable William L. Jenkins

The Honorable Chris Cannon

The Honorable Spencer Bachus

The Honorable Robert D. Inglis

The Honorable John N. Hostettler

The Honorable Mark Green

The Honorable Ric Keller

The Honorable Darrell E. Issa

The Honorable Jeff Flake

The Honorable Mike Pence

The Honorable J. Randy Forbes

Steve King

The Honorable Steve King

Tom Feeney

The Honorable Tom Feeney

Trent Franks

The Honorable Trent Franks

Louie Gohmert

The Honorable Louie Gohmert

ornament manufacturers, one of which was the largest producer in the world based in North Carolina, going out of business in the past few years and a dramatic loss of sales and profitability for those that are still around. We have tried many ways to reduce our production costs to stay competitive with China manufacturers, but it is virtually impossible given the state support our competitors receive. All we ask is that we are allowed to compete with China manufacturers in a free and fair manner. **What steps do you recommend the US government take that will allow true free trade to occur?**

Sincerely,
Walter Krebs

Walter Krebs
VP Finance
Christmas by Krebs
9150 N. Royal Ln.
Suite 110
Irving, TX 75063
(w) 972-929-2880
(c) 214-986-4828
(f) 972-929-2879

AUG 0 6 2007

THE FINANCIAL SERVICES
FORUM

The Honorable Stevan Pearce
Assistant Majority Whip
1607 Longworth House Office Building
Washington, DC 20515

Dear Congressman Pearce,

On behalf of Secretary Donald Evans, chief executive of the Financial Services Forum, thank you for the opportunity to respond to the excellent and thoughtful questions submitted by your constituent, Walter Krebs. Mr. Krebs puts his finger on some of the most important issues regarding our nation's developing trade relationship with China.

There is no question that expanded trade has generated enormous economic gains for the U.S. economy and American families. According to a recent study that used four approaches to measuring those gains, expanded trade since World War II has boosted U.S. annual incomes by $1 trillion, or an average of $10,000 per American household. The same study found that removing remaining barriers to trade would raise U.S. incomes by an addition $4,000 to $12,000 annually.[1]

Expanded and freer trade with China, in particular, promises unprecedented gains for American producers, workers, and consumers. The integration of a fifth of the world's population into the global economy – not overnight, but over time – has enormous implications for U.S. economic growth and job creation. Since China's joined the World Trade Organization (WTO) in December of 2001, trade between the United States and China has nearly tripled, exports to China have grown at five times the pace of U.S. exports to the rest of the world, and China has risen from our 9th largest export market to our 4th largest. The emergence of China will not only be one of the great economic stories of the 21st century, but one of the most significant events in economic history.

Given the reality and inevitability of China's continued emergence, the task before Congress and other U.S. policymakers is to ensure that America participates constructively in China's development – and in ways that work for American producers, workers, and consumers. More specifically, U.S. policymakers and trade officials must, as Mr. Krebs points out, diligently work to ensure that trade with our major partners, including China, is fair and that the negotiated terms of free trade agreements are enforced.

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[1] Scott C. Bradford, Paul L. Grieco, and Gary C. Hufbauer, "The Payoff to America from Globalization," *The World Economy*, vol. 29, July 2006, pp. 893-916.

U.S. and international trade law provide authority and mechanisms outlining the procedures to be used to enforce trade agreements and resolve trade disputes. In many trade disputes, countries are able to reach a mutually acceptable resolution. When agreement cannot be reached and unfair trade practices continue, under the auspices of international law, countries may be allowed to retaliate or impose prohibitive duties on the imports from the country promulgating the unfair trade practice.

The Office of the U.S. Trade Representative (USTR) is the Executive branch agency responsible for developing and coordinating U.S. international trade, commodity, and direct investment policy, overseeing trade negotiations with other countries, and resolving disputes.[2] While we at the Financial Services Forum are not certain as to whether the two issues alleged by Mr. Krebs – export payments and the fixing of natural gas prices – violate China's obligations under the WTO, he can contact USTR to inquire.

Section 301 of the U.S. Trade Act is the principal statutory authority under which the United States may impose trade sanctions against foreign countries that maintain acts, policies and practices that violate, or deny U.S. rights or benefits under, trade agreements, or are unjustifiable, unreasonable or discriminatory and burden or restrict U.S. commerce. The section authorizes USTR to initiate an investigation of the trade practices of another country, either on its own initiative, or upon the request of a U.S. citizen. A list of investigations to date is available on USTR's website.

A Section 301 investigation may be commenced in one of two ways: 1) an interested party files a petition with USTR requesting an investigation of a particular practice of a foreign country (and USTR determines within 45 days that an investigation is appropriate); or, 2) USTR initiates an investigation itself. USTR must publish its determination to initiate an investigation (or reasons for not initiating in the case of a petition) in the *Federal Register*. Where USTR initiates an investigation based on a petition, it must provide an opportunity for the public to comment, hold a public hearing if requested, and must request consultations with the foreign government in question.

Where an investigation involves an alleged violation of a trade agreement – such as a World Trade Organization (WTO) agreement or North American Free Trade Agreement (NAFTA) – USTR must follow the dispute settlement provisions set out in that agreement. USTR must conclude its investigation and make (and publish in the *Federal Register*) a determination of whether the foreign practice is actionable under Section 301 within 18 months after initiation of an investigation involving a trade agreement that includes a dispute settlement mechanism, or 30 days after conclusion of dispute settlement procedures, whichever comes first (or 12 months after initiation of an investigation in all other cases).

Where USTR determines that a foreign government is violating or denying U.S. rights or benefits under a trade agreement, or its acts, policies, or practices are unjustifiable and burden or restrict U.S. commerce, Section 301 requires retaliation unless an exception applies. Unjustifiable acts, policies and practices are those that violate, or are inconsistent with, the international legal rights of the United States, including denial of national treatment or most-

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[2] See http://www.ustr.gov.

favored-nation (MFN) treatment to U.S. exports, the right of establishment to U.S. enterprises or protection of intellectual property rights.

The requirement for mandatory retaliation may be waived where: 1) a WTO dispute settlement panel has found that the act, policy or practice does not violate, or deny U.S. rights under, a trade agreement; 2) USTR finds that the foreign country is taking satisfactory measures to comply with a trade agreement; 3) the foreign country has agreed either to eliminate or phase out the act, policy or practice, or to a satisfactory solution; 4) the foreign country has agreed to provide the United States with compensatory trade benefits; 5) USTR finds "in extraordinary cases" that retaliatory action, would adversely impact the U.S. economy substantially disproportionate to benefits of such action; or, 6) the action would cause serious harm to the national security of the United States.

Where USTR determines that a particular act, policy, or practice of a foreign country is unreasonable or discriminatory and burdens or restricts U.S. commerce, it has discretion as to whether to take retaliatory action. An act, policy, or practice is considered to be unreasonable if it is unfair and inequitable, even if it does not violate the international legal rights of the United States. Practices considered unreasonable include: 1) denial of fair and equitable opportunities for the establishment of enterprises; 2) denial of adequate and effective protection of intellectual property rights, even if the foreign country is in compliance with the WTO Agreement on Trade-Related Aspects of Intellectual Property (TRIPS); 3) denial of fair and equitable market opportunities, including a foreign government's toleration of systematic anti-competitive activities by or among enterprises in the foreign country; 4) export targeting; and, 5) denial of worker rights.

In determining whether a foreign practice is unreasonable, reciprocal opportunities in the United States for foreign nationals and firms must be considered. Practices of a foreign country will not be treated as unreasonable if USTR determines that such practices are not inconsistent with the level of the country's economic development. Discriminatory practices include acts, policies, or practices that deny national or MFN treatment to U.S. goods, services or investment.

Where USTR makes an affirmative determination that an act, policy, or practice is actionable under Section 301, it may suspend or withdraw trade concessions, impose duties or other import restrictions, withdraw, limit or suspend benefits under the General System of Preferences, the Caribbean Basin Economic Recovery Act, or the Andean Trade Preference Act, and negotiate agreements to eliminate or phase out the act, policy, or practice or provide compensation for trade distortion.

Retaliatory action may be taken against any goods or economic sector on a non-discriminatory basis or solely against the foreign country involved and without regard to whether such goods or economic sector were involved in the act, policy, or practice that is the subject of the determination. The retaliatory action must be devised to affect goods and services of the foreign country in an amount equivalent in value to the burden or restriction imposed on U.S. commerce by the foreign country. Actions may be taken that are within the President's power with respect to trade in any goods or services, or with respect to any area of pertinent relations with the foreign country.

Where a determination is made to take retaliatory action, a damage estimate is prepared assessing the level of damage to U.S. industry resulting from the foreign act, policy or practice, and proposed retaliation list is developed and published in the *Federal Register*, inviting public comments. A public hearing is normally held on the proposed list. Based on the public comments, a final retaliation list is prepared, published and implemented.

USTR must implement the retaliatory action within 30 days of the determination, except in certain circumstances, including where substantial progress is being made in negotiations with the foreign country; or a delay is necessary or desirable to obtain U.S. rights or a satisfactory solution. Any action taken pursuant to Section 301 terminates automatically after 4 years unless the petitioner or other representative of the domestic industry requests continuation.

With regard to Mr. Krebs' question about the relative value of the yuan and its impact on the competitiveness of U.S. products, he is correct that the Chinese government actively intervenes in foreign exchange markets to manage the peg of the yuan to the dollar. As you know, in recent years the discussion in Washington regarding the U.S.-China economic relationship has focused in large part on China's currency policy. Many policymakers assert that the yuan is undervalued and that an undervalued yuan makes cheap Chinese exports even cheaper, giving Chinese producers an unfair advantage over American companies and contributing to the U.S. trade deficit with China.

A market-determined yuan is important – for the United States and especially for China. Foreign exchange market intervention by the People's Bank of China – buying dollars with yuan – has boosted liquidity in China's economy, thwarting government efforts to scale back excessive bank lending and fixed investment. Speculative money flowing into China in anticipation of a revaluation is also undermining government objectives. Finally, allowing the yuan to more fully float according to market forces would free the PBOC to pursue monetary policies that advance China's macroeconomic goals. For these reasons – as well as the priority of a more fair and transparent trade relationship – U.S. policymakers should continue to press China to accelerate progress toward a market-determined yuan.

For years, the United States has worked with China toward achieving a yuan whose value is determined by market forces. Indeed, shortly after taking office, the Bush Administration committed to helping China develop the capital markets know-how and expertise necessary to end the yuan's peg to the dollar, providing massive technical assistance. And those efforts have begun to bear fruit. In July of 2005, China revalued its currency upward by 2 percent. Since mid-2006, the pace of appreciation has accelerated, averaging about 4.9 percent a month at an annualized rate, and quickening to around 5.4 percent in the first few months of 2007, as China has become more confident about the resilience of its economy. In total, the yuan has appreciated by about 8 percent since July of 2005.

This is important progress – but, clearly, much more progress is needed. Given the importance of a market-determined yuan to the economic objectives of both countries, the United States should continue to press China to redouble its reform efforts and accelerate movement toward a freely floating yuan.

But even as we continue to press China on the yuan, we should not allow the currency issue to overshadow the broader potential of the U.S.-China economic relationship. Indeed, it should be noted that the short term effect of a significant appreciation in the yuan would likely be to make the trade deficit *worse*. Because a higher-valued yuan would mean higher prices for imported Chinese goods, and because the process of finding cheaper alternatives to more expensive Chinese goods takes time, the trade deficit would likely get worse before getting better – a phenomenon economists call the J-curve effect.

Of far greater significance, in our view, to the policy goals of maintaining strong U.S. economic growth and job creation is for China to achieve a more sustainable model of continued economic growth and for its population of 1.3 billion to begin consuming at higher levels. Both goals require reform and modernization of China's financial sector.

Chinese households historically save as much as a third of their income, as compared to single-digit savings rates in the United States and Europe. This pronounced propensity to save is related to the declining role of the state and the fact that most Chinese depend on their families and private savings to pay for retirement, healthcare, and the economic consequences of accidents or disasters. Activating the Chinese consumer requires the availability of financial products and services that Americans take for granted but that most Chinese currently don't enjoy access to – personal loans, credit cards, mortgages, pensions, retirement accounts, and home, life, and health insurance products – that will eliminate the need for "precautionary savings" and facilitate consumption.

A simple example demonstrates the potential impact of a more active Chinese consumer:

Last year, the United States exported to Japan goods and services worth $60 billion – approximately the same amount exported to China ($55 billion). But China's population of 1.3 billion is <u>ten times</u> Japan's population of 127 million. If U.S. exports are expressed in relation to population, the U.S. sold the equivalent of $472 worth of goods and services to every citizen of Japan last year, but only about $40 worth of goods and services to every Chinese citizen. If China's citizens were to eventually consume American-made goods and services at the same rate that Japan's citizens did last year, the United States would export more than $600 billion worth of goods and services to China, 11 times what America exported to China last year, an amount equivalent to 5 percent of America's GDP, and more than twice what we imported from China last year – replacing the trade deficit with a significant surplus.

The fastest way for China to acquire the modern financial system it needs to continue growing, enable a more flexible currency, and activate the Chinese consumer is to import it – that is, by opening its financial sector to greater participation by foreign financial services firms. Foreign institutions bring world-class expertise and best practices with regard to products and services, technology, credit analysis, risk management, internal controls, and corporate governance. In addition, the competition brought by foreign institutions would accelerate the adoption of such techniques and methodologies by domestic financial institutions.

By providing the financial products and services that Chinese citizens and businesses need to save, invest, insure against risk, create and protect wealth, and consume at higher levels, foreign financial institutions (including U.S. providers) would help create what every U.S. manufacturer and service provider wants – an unleashed Asian tiger hungry for U.S. products.

Congressman Pearce, we at the Financial Services Forum appreciate your interest in these important issues and look forward to working with you to ensure that the continued economic emergence of China works for all American producers, workers, and consumers.

Should you have any additional questions, please let us know.

Sincerely,

John R. Dearie
Senior Vice President for Policy
The Financial Services Forum